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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Carrier Branch**

**RESOLUTION T-16870
January 27, 2005**

R E S O L U T I O N

Resolution T-16870. Verizon California Inc. (U-1002-C). Request for grandfathering of custom calling services in Schedule Cal. P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service.

By Advice Letter No. 10925, filed on July 26, 2004.

Summary

By Advice Letter (AL) No. 10925, filed on July 26, 2004, Verizon California Inc. (Verizon) requests authority for grandfathering of custom calling services in Schedule Cal. P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service.

The custom calling services Verizon proposes to grandfather are as following:

- Do Not Disturb
- Call Block
- Priority Call (as a package component)
- Smart Call Pak 4400
- Smart Call Pak 4900
- Smarter Call Pak
- Smartest Call Pak
- Verizon Local and Toll Package
- Verizon Advantage Pack
- Flexible Packing
- Two Feature Packages:
 - Complete Call Forwarding Package + Call Waiting
 - Call Waiting and Three Way Calling
 - Call Waiting and Speed Dialing 8

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Three Feature Packages:

Complete Call Forwarding Package + Call Waiting and Three Way Calling
Complete Call Forwarding Package + Call Waiting and Speed 8
Call Waiting, Three Way Calling and Speed Calling 8

This resolution approves a part of Verizon's request in AL No. 10925. In the discussion section of this resolution, we indicate which of the above services are approved to be grandfathered and which services are not, the reasons for the denials and acceptances. Verizon indicates that there will be no rate increases for its existing customers as a result of grandfathering the above services.

No protest to Advice Letter No. 10925 has been filed.

Background

By AL No. 10925, filed on July 26, 2004, Verizon requests authority to grandfather custom calling services as shown on page 1 and page 2 of this resolution.

Do Not Disturb is a custom calling service that allows customers to select up to 12 telephone numbers from which calls are to be received. All calls from other telephone numbers are blocked. Do Not Disturb is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Caller ID¹ service is an alternative to the stand-alone Do Not Disturb service. Anonymous Call Block is included with Caller ID at no additional cost.

Call Block is a custom calling service that allows customers to block incoming calls from a maximum of 12 telephone numbers. Call Block is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Caller ID is an alternative to the stand-alone Call Block service. Anonymous Call Block is included with Caller ID at no additional cost.

Priority Call is a custom calling service that allows customers to program up to 12 numbers of selected callers enabling the customer to distinguish certain calls from others by a distinctive ring tone. Priority Call is offered as a stand-alone feature and as a component in several Verizon calling packages. Caller ID is an alternative to the stand-alone Call Block service. Anonymous Call Block is included with Caller ID at no additional cost.

¹ Caller ID provides for the display of an incoming name and telephone number on a customer provided display device attached to the customer's telephone line or on a telephone or answering machine with a built-in display screen.

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Smart Call Pak 4400 is a calling plan that includes the following custom calling feature: Busy Redial, *69², Call Block, Call Waiting, and Distinctive Ring. Verizon offers several alternative calling plans such as Local Package³, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4400 services at a competitive monthly rate.

Smart Call Pak 4900 is a calling service that includes the following custom calling features: Priority Call, Cancel Call Waiting, Call Forwarding, Three-Way Calling, Speed Dialing 8 Code, and Distinctive Ring. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4900 services at a competitive monthly rate.

Smarter Call Pak is a calling service that includes the following custom calling features: Call Waiting, Call Forwarding, and Three-Way Calling plus a choice of a Speed Dialing service. **Smartest Call Pak** includes all the features in Smarter Call Pak plus Cancel Call Waiting, Busy Number Redial, Last Number Redial, Saved Number plus a choice of a Speed Dialing service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smarter Call Pak services at a competitive monthly rate.

Verizon Local and Toll Package is a calling service that includes local exchange service, option calling features, unlimited zone usage, and 300 minutes of IntraLATA toll. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Verizon Local and Toll Package at a competitive monthly rate. Customers who subscribe to a Local Package calling service are eligible for the Verizon Five Cents Plan. The Verizon Five Cents Plan is an IntraLATA calling plan that offers IntraLATA calling for \$0.05 per minute 24 hours per day, seven days per week.

² *69 allows a customer to automatically return the last incoming call whether it is answered or not. Upon activation of this feature, the number of the most recent party who called will be automatically dialed.

³ Customers who subscribe to Verizon Local Package may choose up to three of the following features: Call Waiting/Cancel Call Waiting, Three-Way Calling, Distinctive Ring, Busy Redial, *69, Priority Call, Speed Dialing 8, Flexible Call Forwarding, Anonymous Call Block, Call Block, Do Not Disturb, Select Call Forwarding, Caller ID, Speed Dialing 30. Verizon Local Package also includes unlimited Zone Usage Measurement service at no additional charge.

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Verizon Advantage Pack offers business customers up to 15% off Voice Messaging services when they subscribe to selected services. Verizon offers an alternative calling service such as Unlimited Local and Toll Usage for Business Feature Package Two. Unlimited Local and Toll Usage for Business Feature Package Two is a month-to-month feature package available to business customers who subscribe to Unlimited Local and Toll Usage for Business.

Flexible Packaging is a residential service that offers a 40% discount off the rates of Custom Calling Service Features provided the customer orders four or more features on the same account. Features such as Three Way Calling, Call Waiting and Cancel Call Waiting are included as part of the Flexible Package offer. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Flexible Packaging service at a competitive monthly rate.

Two Feature Packages provide Call Waiting plus another custom calling service at a flat monthly rate. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Two Feature Package services at a competitive monthly rate.

Three Feature Packages provide Call Waiting plus two additional custom calling services at a flat monthly rate. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Three Feature Package at a competitive monthly rate.

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Grandfathered Name	Price	Grandfathered Calling Feature	Alternate Calling Name	Price	Calling Feature
Do Not Disturb	\$2.50	Customers to select up to 12 telephone numbers from which calls are to be received	Caller ID	\$7.95	Forward the calling name and numbers to customers
Call Blocks	\$3.00	Customers to block incoming calls up to 12 telephone numbers	Caller ID	\$7.95	Forward the calling name and numbers to customers
Priority Call	\$3.00	Customers to program up to 12 numbers of selected callers by distinctive ring tone.	Caller ID	\$7.95	Forward the calling name and numbers to customers
Smart Call Pak 4400	\$8.75	Busy Redial, *69, Call Block, Call Waiting, and Distinctive Ring	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Smart Call Pak 4900	\$13.25	Priority Call, Cancel Call Waiting, Call Forwarding, 3-Way Calling, Speed Dial 8 Code, Distinctive Ring	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Smarter Call Pak	\$4.25	Call Waiting, Call Forwarding, 3-Way Calling, Speed Dial Services	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Smartest Call Pak	\$7.00	Call Waiting, Call Forwarding, 3-Way Calling, Speed Dial Services, Cancel Call Waiting, Busy and Last numbers redial, Saved numbers	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Verizon Advantage Pack	\$8.46	For business customers up to 15% off Voice Messaging Services	Unlimited local and Toll Usage for Bus. Feature Package Two	\$12.00	Including Caller ID, Voice Messaging
Flexible Package	0	For residential customers up to 40% off on four or more calling features	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Two Feature Package	\$4.25	Call Waiting plus one calling feature	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Three Feature Package	\$4.25	Call Waiting plus two calling feature	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features

CLASS: Customer Local Area Signaling Services

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Verizon states that to grandfather its outdated, unpopular, and non-competitive services is enable Verizon to offer the more flexible, technologically advanced and competitive services for customers demand.

Notice/Protests

Verizon states that copies of the Advice Letter had been mailed to adjacent utilities and/or other utilities. Notice of Advice Letter No. 10925 was published in the Commission Daily Calendar of July 30, 2004. Verizon has informed customers of these changes through a bill insert.

No protest to Advice Letter No. 10925 has been filed.

Discussion

Verizon proposes to grandfather custom calling services as shown on pages 1 and page 2 of this resolution. Verizon indicates that only a small number of its customers are currently subscribing to these features and the low subscriptions are due to the limited use of these features and the alternative features available. Verizon would like to grandfather these features to existing customers and no new customers will be permitted.

However, when comparing the current tariff rates of these features with the rates for the same custom calling features under the alternative packaging options, we find that the new customers would end up paying much higher rates for these features than the current features subscribers. Also, the alternative packaging option may result in new customers paying for features they do not need.

Do Not Disturb is a custom calling service that allows customers to select up to 12 telephone numbers from which calls are to be received. All calls from other telephone numbers are blocked. Do Not Disturb is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Do Not Disturb is offered at \$2.50 per month. There are more than 10,000 numbers of customers using Do Not Disturb service. Caller ID service is an alternative to the stand-alone Do Not Disturb service. Anonymous Call Block is included with Caller ID at no additional cost. Caller ID is offered at \$7.95 per month.

Call Block is a custom calling service that allows customers to block incoming calls from a maximum of 12 telephone numbers. Call Block is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Call Block is offered at \$3.00 per month. There are more than 10,000 numbers of customers using Call Block service. Caller ID is an alternative to the stand-alone

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Call Block service. Anonymous Call Block is included with Caller ID at no additional cost. Caller ID is offered at \$7.95 per month.

Priority Call is a custom calling service that allows customers to program up to 12 numbers of selected callers enabling the customer to distinguish certain calls from others by a distinctive ring tone. Priority Call is offered as a stand-alone feature and as a component in several Verizon calling packages. Priority Call is offered at \$3.00 per month. There are more than 10,000 numbers of customers using Priority Call service. Caller ID is an alternative to the stand-alone Priority Call service. Anonymous Call Block is included with Caller ID at no additional cost. Caller ID is offered at \$7.95 per month.

Smart Call Pak 4400 is a calling plan that includes the following custom calling feature: Busy Redial, *69, Call Block, Call Waiting, and Distinctive Ring. Smart Call Pak 4400 is offered at \$8.75 per month. There are less than 4,000 numbers of customers using Smart Call Pak 4400 service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4400 services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

Smart Call Pak 4900 is a calling service that includes the following custom calling features: Priority Call, Cancel Call Waiting, Call Forwarding, Three-Way Calling, Speed Dialing 8 Code, and Distinctive Ring. Smart Call Pak 4900 is offered at \$13.25 per month. There are less than 4,000 numbers of customers using Smart Call Pak 4900 service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4900 services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

Smarter Call Pak is a calling service that includes the following custom calling features: Call Waiting, Call Forwarding, and Three-Way Calling plus a choice of a Speed Dialing service. Smarter Call Pak is offered at \$4.25 per month. There are more than 10,000 numbers of customers using Smarter Call Pak service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smarter Call Pak services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

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Smartest Call Pak is a calling service that includes all the features in Smarter Call Pak plus Cancel Call Waiting, Busy Number Redial, Last Number Redial, Saved Number plus a choice of a Speed Dialing service. Smartest Call Pak is offered at \$7.00 per month. There are less than 4,000 numbers of customers using Smartest Call Pak service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smarter Call Pak services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

Verizon Local and Toll Package is a calling service that includes local exchange service, option calling features, unlimited zone usage, and 300 minutes of IntraLATA toll. Local and Toll Package is offered at \$49.95 per month. There are more than 10,000 numbers of customers using Verizon Local and Toll Package services. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Verizon Local and Toll Package at a competitive monthly rate. Customers who subscribe to a Local Package calling service are eligible for the Verizon Five Cents Plan. The Verizon Five Cents Plan is an IntraLATA calling plan that offers IntraLATA calling for \$0.05 per minute 24 hours per day, seven days per week. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

Verizon Advantage Pack offers business customers up to 15% off Voice Messaging services when they subscribe to selected services. Verizon Advantage Pack start as low as \$8.46 per month depending on type or service and term period selected. There are more than 10,000 numbers of customers using Verizon Advantage Pak service. Verizon offers an alternative calling service such as Unlimited Local and Toll Usage for Business Feature Package Two. Unlimited Local and Toll Usage for Business Feature Package Two is a month-to-month feature package available to business customers who subscribe to Unlimited Local and Toll Usage for Business. Unlimited Local and Toll Usage for Business Feature Package Two include Caller ID and Voice Messaging for \$12.00 per month.

Flexible Packaging is a residential service that offers a 40% discount off the rates of Custom Calling Service Features provided the customer orders four or more features on the same account. Features such as Three Way Calling, Call Waiting and Cancel Call Waiting are included as part of the Flexible Package offer. There are less than 4,000 numbers of customers using Flexible Packing service. Verizon

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offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Flexible Packaging service at a competitive monthly rate. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

Two Feature Packages provide Call Waiting plus another custom calling service at a flat monthly rate. Two Feature Packages is offered at \$4.25 per month. There are less than 4, 000 numbers of customers using Two Feature Packages service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Two Feature Package services at a competitive monthly rate. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

Three Feature Packages provide Call Waiting plus two additional custom calling services at a flat monthly rate. Three Feature Packages is offered at \$4.25 per month. There are less than 4, 000 numbers of customers using Three Feature Packages service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Three Feature Package at a competitive monthly rate. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

Telecommunications Division (TD) has received customers' comments urging the Commission not to grant Verizon's AL No. 10925 filing.

On January 13, 1997, Resolution T-15986 denied the request of GTEC (Former Verizon) to grandfather Smart Call Pak 4400, Smart Call 4900, Smarter Call Pak and Smartest Call Pak for residential customers. The Commission found that residential customers choosing the same custom calling features under the flexible custom calling packaging options as those in the current feature packages will end up paying more for the same features.

TD has reviewed Verizon's AL No. 10925, and obtained more information through a data request regarding custom calling services. TD finds that there are more than 10,000 numbers of customers using the current calling services as identified in following Group A:

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- A) Do Not Disturb
- Call Block
- Priority Call (as a package component)
- Smarter Call Pak
- Verizon Local and Toll Package
- Verizon Advantage Pack

Also, there are less than 4,000 numbers of customers using the current calling services as identified in following Group B:

- B) Smart Call Pak 4400
- Smart Call Pak 4900
- Smartest Call Pak
- Flexible Packing
- Two Feature Packages:
 - Complete Call Forwarding Package + Call Waiting
 - Call Waiting and Three Way Calling
 - Call Waiting and Speed Dialing 8
- Three Feature Packages:
 - Complete Call Forwarding Package + Call Waiting and Three Way Calling
 - Complete Call Forwarding Package + Call Waiting and Speed 8
 - Call Waiting, Three Way Calling and Speed Calling 8

TD concludes that the services identified in Group A above are still in demand by more than 10,000 numbers of customers and should not be grandfathered at this time. Verizon might request to grandfather the services in Group A while the numbers of customers are diminishing. The services identified in Group B above are less than 4,000 numbers of customers and Verizon provides alternative calling plans for new customers, that Verizon's request for grandfathering these calling services is reasonable.

Verizon has alternative packages as substitute for the proposed grandfathering services. The prices of the substitutes are different than the individual service feature. Customers may prefer to subscribe individual service feature other than service package.

TD recommends that the Commission approve this filing for Verizon's request to grandfather customer calling services identified in group B which are less than 4,000 numbers of customers, and deny Verizon's request to grandfather customer calling services identified in group A which are still in demand by more than 10,000 numbers of customers.

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Approval should be based on the specifics of this AL filing and does not establish a precedent for the contents of future filings for Commission approval of similar requests.

Comments

In compliance with PU Code § 311 (g), a notice letter was e-mailed or mailed on December 23, 2004 to the interested parties, and informing these parties that this draft resolution is available at the Commission's website <http://www.cpuc.ca.gov> and is available for public comments. In addition, the Telecommunications Division (TD) informed these parties of the availability of the conformed resolution at the same website.

Findings

1. Verizon filed Advice Letter No. 10925 on July 26, 2004, requesting Commission authorization to grandfather the following custom calling services:

Do Not Disturb
Call Block
Priority Call (as a package component)
Smart Call Pak 4400
Smart Call Pak 4900
Smarter Call Pak
Smartest Call Pak
Verizon Local and Toll Package
Verizon Advantage Pack
Flexible Packing

Two Feature Packages:

Complete Call Forwarding Package + Call Waiting
Call Waiting and Three Way Calling
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Three Feature Packages:

Complete Call Forwarding Package + Call Waiting and Three Way Calling
Complete Call Forwarding Package + Call Waiting and Speed 8
Call Waiting, Three Way Calling and Speed Calling 8

2. Verizon offers alternative package as a substitute for the above services in Finding No. 1.
3. Customers who currently subscribe to the above services have received notification via bill insert of the proposed changes.

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4. There will be no increase in rates to existing Verizon customers who currently subscribe to the services described in this resolution as a result of Verizon's proposed grandfathering.
5. New customers choosing the same custom calling feature under an alternative bundle packaging will end up paying more for the same feature.
6. The alternative packaging option may result in new customers paying for the features they do not need.
7. TD has received customers' comments urging the Commission not to grant Verizon's AL No. 10925 filing.
8. After reviewing AL No. 10925, TD finds that the services identified in Group B above are less than 4,000 numbers of customers. TD recommends that the Verizon's request for grandfathering of custom calling services in above Group B in Schedule Cal. C.P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service is just and reasonable and should be granted.
9. After reviewing AL No. 10925, TD finds that the services identified in Group A above are still in demand by customers. TD recommends that the Verizon's request for grandfathering of custom calling services in above Group A in Schedule Cal. C.P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service is unreasonable and should be denied.

THEREFORE, IT IS ORDERED that:

1. Authority is granted Verizon's request for grandfathering the calling services identified in Group B above.
2. Verizon's request for grandfathering the calling services identified in Group A above is denied.
3. Verizon shall file a supplement to AL No. 10925, which includes the changes for grandfathering of custom calling services within 30 days of this resolution's effective date.
4. AL No. 10925 and accompanying tariff sheets shall be marked to show that they were authorized by Resolution T-16870.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission at its regular meeting on January 27, 2005. The following Commissioners approved it.

STEVE LARSON
Executive Director